STATEMENT BY JOHN V. O'NEILL
OXFORD HOUSE BOARD MEETING
SEPTEMBER __, 1989

Since I'm leaving the day-to-day effort to expand Oxford Houses, I feel I owe it to you and to myself to explain my reasons.

There is nothing I would rather do that participate in the Oxford House expansion, but I have found that impossible in the present structure.

HISTORY

A brief history of the structure of Oxford House may be useful to those of you who weren't around in the early years.

In the first few years of its existence (1975-78) Oxford House grew from one to about 10 houses. The method of expansion was simple. House members or house alumni would give or lend the money and Paul Molloy and I were usually directly involved in locating and leasing the houses. It was a heady time of mutual trust, friendship and action. The few disagreements that arose were handled amiably by a group conscience.

Paul, Whit Holden and I moved from the first house on Fidler Lane in Silver Spring to the second house in Northwest Washington. A few months later Paul moved back to Maryland where he helped locate and lease houses on Thayer Ave., Dale Dr., Four Corners and Sligo Creed Parkway. I stayed in Washington and helped locate and lease houses on Huntington St., Northampton St. and Capitol Hill. We both went to Wilmington, Del. to help start the first house outside the Washington area.

We all worked to make the houses function. The organization was broke and virtually anonymous, and because of this there was no money, property or prestige to argue about.

By 1978 Paul and I and all the other original Oxford House members had moved on to places of our own and our interests turned to other things. While I remained chairman of Oxford House, Inc. until 1979, alumni participation was limited. From time-to-time Paul or I would get involved in leasing a house, dealing with a landlord or a zoning problem or offering advice to houses.

We were treated with deference not because we held titles or power, but because house members knew we were not being paid, we had the interests of the organization at heart and we had been around long enough to offer sound advice based on experience.

Between 1978 and 1986 some houses opened and others closed and, in general, Oxford House worked well. The women's houses on Dale Dr. and Thayer Ave. closed as did the Four Corners house. The Oxford House on Sligo Creek Parkway moved to Ingomar Ave. in Washington and later to 19th St., where it opened the Kalorama St. house.

The Wilmington, Del. house was a dismal failure with the police having to be called to evict the last residents. The Garrison St. house opened in northwest Washington and the Takoma Park house opened then closed for good when the owner wanted it

back.

Also in the early 1980s two women's houses opened in Rockville and Silver Spring, demonstrating that women's houses could make it.

During these years individual Oxford Houses operated very autonomously. The monthly board meetings were poorly attended. Where there was dissent it was settled by majority vote.

During the years 1978 to 1986, while most Oxford Houses worked, the actual number of houses declined from 10 to 8. The concept was working but not expanding.

Between Sept. 1984 and Oct. 1986 I lived in a rural area of California where I had a lot of time to think about what I wanted to do in the future. It seemed like Oxford House had been the venture in my life that had been the most successful and the most fun so I resolved to return and see about expanding Oxford Houses. My thinking leaned toward trying to get a hundred or maybe two hundred houses started in the Washington area and then seeing if it could be duplicated elsewhere.

I was delighted to discover that Paul shared my belief that Oxford Houses had worked well enough and been of enough benefit that they deserved to be expanded.

With help from Jack Strong the number of houses slowly began to increase. In August 1987 Paul and I went to Bethlehem, Pa. to look at a house. Driving back that night we decided to seek foundation, government and corporate support to do the job right.

There were a number of false starts and disappointments in the following months regarding funding. However, with the help of one small foundation grant and a couple of loans for startup, the number of houses grew to 13 by June 1988, including one in Bethlehem, Pa.

ANTI-DRUG ABUSE ACT OF 1988

Sometime in the summer of 1988 Paul was in touch with Rep. Ed Madigan of Illinois, ranking Republican on the House Health subcommittee, with whom he had worked while on Capitol Hill. When Madigan offered to be helpful to Oxford House, Paul asked him to include an amendment to the Anti-Drug Abuse Act of 1988 establishing a $100,000 revolving fund in each state to start houses based on the Oxford House model. The amendment was revised somewhat and became part of the act.

Almost immediately after the Anti-Drug Abuse Act was passed Paul and I began to clash, not so much over the general direction we should take but over how the organization should be run.

The first unsettling thing happened before the President Reagan ever signed the act, when we got an appointment to see the chief of staff of the Department of Health and Human Services. Paul put together an unsolicited proposal asking for contract money from the U.S. Department of Health and Human Services, listing as companies that would perform the services as J. Paul Molloy Associates and CCM Management. J. Paul Molloy Associates was a consulting firm Paul created on paper to provide the government printed material, audio-visual aids, and data on recovery in Oxford Houses. CCM Management is a company owned by

one of Paul's former Capitol Hill colleagues, Charles van der Burgh, and it's job would have been administration and handling an 800 telephone network.

I was jolted to find myself listed as a J. Paul Molloy associate. I told him on the way to the meeting I wasn't working for J. Paul Molloy Associates, or anybody else associates for that matter, that Oxford House didn't work that way.

It proved academic since Paul's demands at HHS fell on deaf ears and the meeting became loud and contentious until the chief of staff left.

I had a deep sense of foreboding from that day that as a result of the act Paul considered Oxford House his organization to do with and direct as he wished and expected the U.S. government and those around him to do what he told them because of the actions of the Congress.

We had other problems shortly thereafter.

One quarrelsome issue became the number of existing Oxford Houses. Invariably when telling people about Oxford House, Paul would say we had about three more houses than we actually had. Paul argued that we needed to appear have more than we had in order for the organization to seem more substantive. I asserted that Oxford House was a success that needed no embellishment and we were better off being honest.

Paul also began to erase the Wilmington experience from the Oxford House history, claiming Bethlehem was the first house outside the area, an omission I'm sorry to say I went along with for the sake of consistency. I suspect the three recent house failures in Washington have also swept under the rug.

Another contentious issue was the makeup of the Oxford House board of directors. We both agreed that the then-board composed of the presidents of each house was unworkable in a period of expansion. I argued for a strong board composed of house alumni with long-term sobriety, especially those with business experience. Paul contended that only house members themselves should govern if Oxford House was to maintain its purity. He talked of other organizations he had helped organize and encouraged me to back off. Rather than argue the point endlessly, I did so.

Paul proposed and the board approved a plan for an interim board of directors composed of himself, me, and Whit Holden, one director that the three of us would select, and three members chosen by Oxford House members. About the end of 1989 the interim board would disband and the board would be composed on nine members chosen by the houses.

My foreboding about the internal workings of Oxford House turned to shock and gloom early this year when Paul put together another unsolicited proposal, this one to ADAMHA, the agency of HHS that deals with alcohol, drugs and mental health.

The proposal asked HHS for $1.5 million the first year and $5.4 million over three years for Oxford House expansion.

In drafts of the proposal Paul assigned himself a salary of $120,000 annually with a 40 percent fringe factor, for a total of $168,000. He gave me a proposed salary of $80,000 with fringes bringing it to a total of $120,000 (see attached). Subsequent

years would bring raises amounting to about 25 percent each.

I had great misgivings about salary figures I felt were grossly inflated. I told Paul that I felt the people in the Oxford Houses would riot when they found out what he was proposing, that we were a small non-profit with fewer than 20 recovery houses and salaries like this were way out of line. He was asking the government to pay him more the members of Congress who passed the act; more than virtually anybody else in government makes with the exception of the president; more than the secretary of HHS and almost surely more than anyone else in the country connected with recovery houses. I knew the government would balk at figures like these.

Paul would not yield on the salary figures, saying he was worth it and wouldn't work for less.

He later found a way to lump salary figures together to disguise them.

The second feature of the ADAMHA proposal that jolted me was that Paul had appointed himself chief executive officer. Two things about this really bothered me. First, chief executive officer is the most pompous and grandiose of corporate titles usually associated with for-profit companies like those in the Fortune 500. It says to everyone, "I run this place." I have never heard of a non-profit recovery organization that has a chief executive officer. Second, to appoint himself chief executive officer was outrageous.

The salaries proved to be academic since ADAMHA wouldn't fund but a small percentage of the proposal. But Paul began signing letters "chief executive officer." Further he began acting like one, issuing orders and acting like any opinions that differed from his were personally disloyal and something that could chill a national network of recovery houses.

When I confronted him about appointed himself chief executive officer, he said I had a ego problem. When I told him I felt important decisions should be made by a group conscience, he said I wasn't a team player.

It was clear to me that since Paul's contacts led to passage of the amendment to the Anti-Drug Abuse Act, he considered Oxford House a personal kingdom where he reigned supreme. I was the nearest thing around to a group conscience and he wouldn't listen to me about anything.

I had never worked anywhere or with anybody where my opinions were dismissed out of hand. My position became untenable, and I began to partially withdraw from the day-to-day operation. It was either that or be in conflict with somebody whose method of dealing with me when our opinions differed was to do what he wanted anyway. I told Paul last spring that I didn't see how I could work with him unless he drastically changed his attitude and that I might try to work for a state or city establishing Oxford Houses, but outside the Oxford House operation in Washington.

Each time I tried to talk to Paul about what was happening he turned the conversation back on me. I was variously accused of being envious, jealous, pouting, seeing things in black-and-white, having a large ego and putting personalities before

principles, character defects I managed to conceal during the 13-years we had worked together before he began masquerading as CEO. He also accused me of being a crank who had had personality problems on prior jobs, an accusation that was simply not true. I was also accused of having a resentment against Molly Brown and Charles van der Burgh, two people who, though not in recovery and never having lived in Oxford House, worked hard for months for little or no pay. That accusation was absurd. I never said that. I never implied that. Paul also accused me of wanting to keep Oxford House small, with just the two of us opening houses like the old days. That, too, was absurd. The expansion was my idea.

Soon I found my telephone number purged from Oxford House materials and found myself in the dark about the internal workings of Oxford House, especially financial data. All of this was done without any communication. It was just done. This reached a rather absurd height at a national meeting in August when I was introduced as the man who started the second Oxford House -- sort of an historic figure from the misty Oxford House beginnings.

BOARD OF DIRECTORS

Several times this year I told Paul I was worried that Oxford House was not operating legally since its board had never been constituted. Paul, Whit and I had met briefly several times to name Charles as financial officer and to send papers to Delaware listing corporate officers. Whit was listed as head of the corporation.

My worry was about the IRS tax-exempt status. It seems to me that sporadic meetings of only three members of a board supposed to have seven members might get us into hot water. Paul seemed to think it was okay and clearly didn't want a full board. We would not be meeting as a full board today if I hadn't insisted that we do so.

The Oxford House residents never really seemed to realize that the power in the corporation had shifted from house presidents to the interim seven-member board and never bothered to select their three board members until I insisted on a board meeting. Nor in all probability will the new nine-member board be constituted early next year unless houses are urged to do so. Paul's insistence of the creation of a board composed of house members actually led to a vacuum of power filled by one man, a self-appointed chief executive officer whose directives are unchallenged and unchallengeable.

Months ago in discussing directors, Paul had mentioned that by the time the nine-member board is selected it will be geographically distributed, meaning some new board members will be unfamiliar with Oxford House and geographically distant from Washington, and therefore unlikely to cause problems. Another time he mentioned that if individuals in the Washington houses cause problems they could be silenced by being put on the payroll.

The financial dealings of Oxford House need scrutiny by the board of directors. I'm not suggesting that there have been

financial irregularities, just that tens of thousands of dollars have come to Oxford House through corporate and foundation grants and contracts with states and as a board member I don't know anything about expenditures. Also I don't know what the salary structure is. I know that Paul has set all salaries, including mine for the three weeks I was on the Oxford House payroll and his own salary for the months he has been on the payroll. Salaries, in my opinion, ought to be public. In fact, I think the IRS requires they be public for 501(c)(3) tax-exempt organizations. Further, I don't think anybody should set his own salary. Instead, I think all salaries should be set by some sort of committee. It only makes sense to introduce this small degree of professionalism.

There have been other problems in the financial area. I argued that a man noted for financial slight-of-hand not be sent into the field. Paul sent him anyhow, saying he was the only person available, and the irregularities continued.

Paul has usurped complete control over finances. Once with an angry, cracking voice he told me that "we" wouldn't reimburse me for an airline ticket to Kansas City if I didn't make the reservation through Charles's travel agent rather than on my own, although the cost was the same. He then hung up.

All of this is not to say that the outreach program to the states hasn't been successful. The national meeting in August, attended by most of the states, was testimony to that effort. Paul has worked tirelessly at great personal financial sacrifice to spread the Oxford House concept. The success of the effort or the level of commitment is not the issue.

In the process Paul has set up the most hierarchical organization I have ever heard of, public or private. He controls all the finances, sets all salaries, does the hiring and firing and makes all the decisions. The only people with Oxford House experience in the organization are two house residents who are relatively newly sober and who owe their jobs to Paul. They aren't likely to challenge anything.

The record is full of failed political, religious and recovery organizations where one man believes he has all the answers, won't allow dissent and sees himself as the embodiment of an organization. I believe the worst thing that could happen to Oxford House is to have one man who considers himself the supreme authority, or the only authority.

I believe it is time to introduce some professionalism into the Oxford House structure along with financial checks and balances.

I propose that:

*The board of directors finally elect corporate officers, eliminating the title chief executive officer, and define their duties and responsibilities;

*The board approve all hiring and firing, set all salaries and review all expenses;

*The Oxford House return to its roots and become an anonymous organization at the level of press, radio and television, and

*That the board meet every three weeks during this period of

rapid growth.

I want nothing myself. My final break came a couple of weeks ago. When Paul and I had our last discussion I told him the only way I could work with him would be to have a clear written division of authority and a separate budget and for him to quit pretending to be chief executive officer. I knew even as I said it that he wouldn't yield on any of these points on his own.

It is with great sadness that I leave the Oxford House operation. My level of commitment has been strong and I've taken a beating financially and emotionally. Nobody on Earth wants Oxford House to be successful more than I do. Nobody wants more to be a part of it. It just doesn't make sense to stay in a contentious situation.

One thing Paul said in our last discussion is true. He said that if I left the Oxford House expansion I would always regret it. That is absolutely right.

I just don't know how I can function in an organization that is becoming more of a personality showcase with rigid control than one based on principles and group conscience.

Still, I am proud of Oxford House and the people who live in them who have made them work. There is something exciting about alcoholics and drug addicts taking charge of their own live and own recovery and making a house work. I am proud of the part I have played in making the houses possible.